

**GAS UTILITY DISTRICT NO. 2  
OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA**

**BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**AS OF AND FOR THE YEAR ENDED  
AUGUST 31, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAR 07 2012

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CLINTON, LOUISIANA  
BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED AUGUST 31, 2011**

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**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED AUGUST 31, 2011**

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*Louisiana Society of Certified Public Accountants*  
*American Institute of Certified Public Accountants*  
*Association of Governmental Accountants*  
*Governmental Audit Quality Control Center*

**INDEPENDENT AUDITORS' REPORT**

Michael Bradford and Board Members of the  
Gas Utility District No. 2 of East Feliciana Parish  
P O. Box 9  
Clinton, Louisiana 70722

We have audited the accompanying financial statements of the business-type activities of the Gas Utility District No. 2 of East Feliciana Parish, a component unit of the East Feliciana Parish Police Jury, as of and for the year ended August 31, 2011, which collectively comprise the Gas Utility District No. 2 of East Feliciana Parish's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Gas Utility District No. 2 of East Feliciana Parish's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

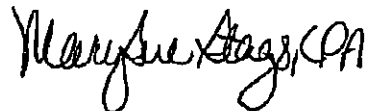
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities the Gas Utility District No. 2 of East Feliciana Parish, a component unit of the East Feliciana Parish Police Jury, as of August 31, 2011, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2012, on our consideration of the Gas Utility District No. 2 of East Feliciana Parish's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The required supplementary information, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gas Utility District No. 2 of East Feliciana Parish's basis financial statements. The accompanying supplementary information, as listed in the table of contents under supplementary information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Sue Stages, CPA". The signature is written in a cursive, flowing style.

Mary Sue Stages, CPA,  
A Professional Accounting Corporation  
January 24, 2012

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**BASIC FINANCIAL STATEMENTS**  
**REQUIRED SUPPLEMENTAL INFORMATION**

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**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2011**

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Management's discussion and analysis (MD&A) is a required element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34. Its purpose is to provide an overview of the financial activities of the District based on currently known facts, decisions and/or conditions. It should be read in conjunction with the financial report taken as a whole.

## **OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION**

These financial statements are comprised of these components – (1) management's discussion and analysis, (2) fund financial statements, (3) notes to the financial statements and (4) required supplementary information. There is also other supplementary information contained in this report provided for additional information.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one category of funds: proprietary funds.

**Proprietary funds.** The District maintains only one type of proprietary fund – enterprise fund. *Enterprise funds* are used to report the functions financed and operated in a manner similar to private business where the intent of the governing body is that the cost (expenses including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. The District uses an enterprise fund to account for its gas services.

*Statements include the following*

**Statement of Net Assets.** This statement presents information on all of the District's assets and liabilities with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or not.

**Statement of Revenues, Expenses and Changes in Fund Net Assets.** This statement presents information showing how the District's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on general revenues.

**Statement of Cash Flows.** The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required by GASB No. 34.

The fund financial statements can be found on pages 9-13 of this report.

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2011**

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**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The index of the notes is found on page 15 with the actual notes beginning immediately afterwards.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's comparison between the current and prior year contained in this section.

**Other Information.** Additionally, this report also presents certain other information that is deemed helpful to the users of this report.

### **FINANCIAL ANALYSIS OF THE DISTRICT**

Net assets are an indicator of the District's financial position from year to year. A summary of net assets follows.

**SUMMARY OF NET ASSETS  
Business-type Activities**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current assets	\$ 333,564	\$ 281,961
Investments	296,414	291,205
Restricted assets	141,150	137,001
Capital assets, net	367,882	316,938
Other assets	15	15
Total Assets	<u>1,139,025</u>	<u>1,027,120</u>
 <b>Liabilities</b>		
Current liabilities	148,308	123,077
Long-term liabilities	<u>1,830</u>	<u>17,620</u>
Total Liabilities	<u>150,138</u>	<u>140,697</u>
 <b>Net Assets</b>		
Invested in capital assets, net of accumulated depreciation and related debt	350,262	283,686
Restricted	124,450	137,002
Unrestricted	<u>514,176</u>	<u>465,735</u>
Net Assets	<u>988,888</u>	<u>886,423</u>



**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2011**

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A summary of changes in net assets is as follows:

**SUMMARY OF CHANGES IN NET ASSETS  
Business-type Activities**

	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Charges for services	\$ 684,664	\$ 778,552
Non-operating revenues	<u>50,466</u>	<u>6,232</u>
Total Revenues	735,130	784,784
<b>Expenses</b>		
Operating	620,824	638,898
Non-operating expenses	<u>1,872</u>	<u>2,345</u>
Total Expenses	<u>622,696</u>	<u>641,243</u>
Change in net assets	112,434	143,541
Net assets, beginning, restated	<u>876,454</u>	<u>742,880</u>
Net assets, ending	<u><u>988,888</u></u>	<u><u>886,421</u></u>

Cash flow activity of the District for the past two years is as follows:

**SUMMARY OF CASH FLOWS  
Business-type Activities**

	<u>2011</u>	<u>2010</u>
<b>Cash and cash equivalents provided by (used for):</b>		
Operating activities	\$ 116,709	\$ 162,304
Non-capital financial activities	2,417	3,127
Capital and related financing activities	28,196	(16,804)
Investing activities	<u>(83,242)</u>	<u>(43,540)</u>
Net Change in Cash and Cash Equivalents	64,080	105,087
Cash and cash equivalents, beginning of year	<u>332,007</u>	<u>226,920</u>
Cash and cash equivalents, end of year	<u><u>396,087</u></u>	<u><u>332,007</u></u>

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2011**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets.* The District's investment in capital assets, net of accumulated depreciation and related debt at August 31, 2011 and 2010, was \$367,882 and \$283,686, respectively. An excavator, trailer and vehicle were purchased during the year costing \$83,837

Capital assets at year-end are summarized as follows:

<b>CAPITAL ASSETS</b>		
<b>Net of Accumulated Depreciation</b>		
<b>Business-type Activities</b>		
	<u>2011</u>	<u>2010</u>
<b>Non-depreciable Assets</b>		
Land	\$ 31,000	\$ 31,000
<b>Depreciable Assets</b>		
Gas distribution system	176,786	187,148
Furniture	1,363	1,180
Machinery & equipment	44,730	2,577
Vehicles	40,928	19,198
Building and improvements	<u>73,076</u>	<u>75,835</u>
Capital Assets, net	<u><u>367,883</u></u>	<u><u>316,938</u></u>

*Debt Administration.* Long-term debt of the District includes payment of bonds. Total bonded debt outstanding at August 31, 2011 and 2010, was \$17,620 and \$32,553, respectively. Principle and interest payments, totaling \$16,804 each year, are funded by operating revenues. The District has just over one year remaining to payoff this long-term obligation.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations and demonstrate the District's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Vicki Stalnaker, Gas Utility District No. 2 of East Feliciana Parish, P. O. Box 9, Clinton, Louisiana 70722 or 225-683-9416.

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**BASIC FINANCIAL STATEMENTS**

**FUND FINANCIAL STATEMENTS**

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**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
STATEMENT OF NET ASSETS  
AUGUST 31, 2011**

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<u>ASSETS</u>	<u>Business-type Activities</u>
Current Assets:	
Cash and cash equivalents	\$ 279,708.25
Investments	296,414.27
Accounts receivable, net of allowance for doubtful accounts of \$1,717.12	22,076.12
Unbilled receivables	9,829.26
Accrued interest receivable	551.51
Inventory	4,838.56
Prepaid expenses	<u>16,559.58</u>
 Total Current Assets	 629,977.55
 Restricted Assets	
Cash and cash equivalents	116,379.43
Investments	<u>24,770.67</u>
 Total Restricted Assets	 141,150.10
 Capital Assets	
Property, plant and equipment, at cost, net of accumulated depreciation of \$1,072,988.28	367,882.41
 Other Assets	
Deposits	<u>15.00</u>
 TOTAL ASSETS	 <u><u>1,139,025.06</u></u>

Continued

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
STATEMENT OF NET ASSETS (Continued)  
AUGUST 31, 2011**

<u>LIABILITIES AND NET ASSETS</u>	<u>Business-type Activities</u>
Current Liabilities	
Payable from current assets	
Accounts payable	\$ 13,080 17
Accrued salaries payable	3,170 00
Payroll withholdings and related payables	24,716 22
Compensated absences	<u>9,070 70</u>
Total Current Liabilities (Payable from Current Assets)	50,037 09
Payable from restricted assets	
Bonds payable - FmHA	15,790 83
Accrued interest payable	779 90
Customer deposits	<u>81,700 23</u>
Total Current Liabilities (Payable from Restricted Assets)	<u>98,270 96</u>
Total Current Liabilities	148,308 05
Long-Term Liabilities	
Payable from restricted assets	
Bonds payable - FmHA	<u>1,829 64</u>
Total Liabilities	150,137 69
Net Assets	
Invested in capital assets, net of related debt	350,261 95
Restricted	124,449 73
Unrestricted	<u>514,175.70</u>
Total Net Assets	<u>988,887 38</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>1,139,025.06</u></u></b>

See Accompanying Notes and Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
YEAR ENDED AUGUST 31, 2011**

	Business-type Activities
<b><u>OPERATING REVENUES</u></b>	
Charges for services	
Gas sales	\$ 675,956 75
Late/reconnection charges	105 00
Tap fees	2,600 00
Miscellaneous refunds/reimbursements	<u>6,002.05</u>
Total Operating Revenues	684,663 80
<b><u>OPERATING EXPENSES</u></b>	
Administrative	32,106.93
Depreciation	32,893 53
Employee and related expenses	207,342.26
Occupancy	35,699.02
Personal services	<u>312,781 81</u>
Total Operating Expenses	<u>620,823 55</u>
Operating Income	63,840 25
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>	
Interest earned	5,466 07
Grants and other contributions	45,000.00
Interest expense	<u>(1,871.78)</u>
Total Non-Operating Revenues (Expenses)	<u>48,594.29</u>
Change in Net Assets	112,434.54
Net Assets, beginning	886,422 03
Prior period adjustment	<u>(9,969 19)</u>
Net Assets, ending	<u><u>988,887 38</u></u>

See Accompanying Notes and Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
STATEMENT OF CASH FLOWS  
YEAR ENDED AUGUST 31, 2011**

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	<u>Business-type Activities</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 685,383 62
Cash paid to suppliers for goods/services	(376,674 99)
Cash paid to employees for services	(191,999 17)
Net Cash Provided by Operating Activities	<u>116,709 46</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Customer deposits received/refunded	<u>2,416 87</u>
Net Cash Provided by Non-Capital Financing Activities	<u>2,416 87</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital contributions	45,000 00
Interest paid on bonds	(1,871 78)
Principal paid on bond maturities	(14,932 21)
Net Cash Provided by Capital and Related Financing Activities	<u>28,196 01</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	5,760 29
Capital assets purchased	(83,837 46)
Investments matured/reinvested	(5,165.28)
Net Cash Used for Investing Activities	<u>(83,242 45)</u>
 Net Increase in Cash and Cash Equivalents	 64,079.89
Cash and Cash Equivalents, beginning of year	<u>332,007 79</u>
Cash and Cash Equivalents, end of year	<u><u>396,087 68</u></u>

Continued

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
STATEMENT OF CASH FLOWS (Continued)  
YEAR ENDED AUGUST 31, 2011**

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	<u>Business-type Activities</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 63,840 25
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities.	
Depreciation	32,893 53
(Increase) decrease in assets.	
Accounts receivable	719 82
Prepaid expenses	7,269 67
Increase (decrease) in liabilities	
Accounts and other payables	9,153 31
Compensated absences payable	<u>2,832 88</u>
Net Cash Provided by Operating Activities	<u><u>116,709 46</u></u>
<b>BALANCE SHEET PRESENTATION OF CASH:</b>	
Current Assets	
Cash and cash equivalents	279,708 25
Restricted Assets	
Cash and cash equivalents	<u><u>116,379 43</u></u>
Cash and Cash Equivalents, end of year	<u><u>396,087 68</u></u>

See Accompanying Notes and Independent Auditors' Report



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**BASIC FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

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**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
INDEX TO NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2011**

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**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2011**

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**INTRODUCTION**

The Gas Utility District No. 2 of East Feliciana Parish (hereinafter referred to as the District), located just outside of Clinton, Louisiana, was created by the East Feliciana Parish Police Jury as allowed under Louisiana Revised Statutes in 1970. It operates under a president-board form of government whose appointments are made by the East Feliciana Parish Police Jury. The District was created to provide gas services to the citizens of East Feliciana Parish residing within the boundaries of the District.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting practice of the District conforms to governmental accounting principles generally accepted in the United States of America. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guidelines set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

**Financial Reporting Entity:** Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the East Feliciana Parish Police Jury is the financial reporting entity for East Feliciana Parish. The District is considered a component unit of the East Feliciana Parish Police Jury because the Police Jury appoints a voting majority of the District's governing body and its services are rendered within the Police Jury's boundaries. The accompanying financial statements present information only on the fund(s) maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

**Fund Accounting:** The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate entity with a self-balancing set of accounts. Funds of the District are classified under one category: proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

**Proprietary Funds** – used to account for governmental activities that are similar to activities performed by commercial enterprises in that goods/services are provided for a fee. Proprietary

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2011**

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funds of the District include the following fund types:

1. **Enterprise**— account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Basis of Accounting/Measurement Focus:** In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles

*Basis of accounting refers to when revenues and expenses are recognized and reported and relates to the time of the measurement, regardless of the measurement focus applied. The fund statements of the District are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. In these statements, capital assets are reported and depreciated, and long-term debt is reported*

**Application of FASB Statements and Interpretations:** Reporting on business-type activities is based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

**Operating/Non-Operating Revenues:** Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the District's gas services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

**Cash and Cash Equivalents:** Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law or any other state of the United States or under the laws of the United States.

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2011**

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**Investments:** Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value, based on quoted market prices, with the corresponding increase or decrease reported in investment earnings.

**Receivables:** The District has a policy of recognizing a bad debt on gas billings at the time information becomes available indicating the bill is uncollectible. At the time an account is disconnected for nonpayment, the District continues to send bills to the customer as long as there is a valid address. At the end of the year, the allowance for uncollectible accounts is adjusted to reflect an estimated amount of the final accounts that the District expects to write-off.

The District's billing cycle extends into the subsequent year. An estimate for unbilled gas services is calculated at year-end based on the gas billed in the immediate subsequent period and the number of days of gas usage through the last day of the fiscal year. This amount is recorded separately on the accompanying financial statements.

**Inventory:** Inventory of the District includes various supplies and parts used to maintain its gas distribution system. It is recorded at lower of cost or market utilizing the average cost valuation. Gas in the District's lines is expensed when purchased. The amount remaining in the lines at any given time is not material to the accompanying financial statements and, therefore, not included in inventory.

**Prepaid Expenses:** Prepaid expenses include payments for insurance coverage with expiration dates extending beyond August 31, 2011. This amounted to \$16,559.58 at August 31, 2011.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Capital Assets:** Capital assets are recorded at cost and do not purport to represent replacement or realizable values. The cost of depreciable property is charged to earnings over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures for renewals and betterments are generally capitalized. When properties are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. Depreciation is computed using the straight-line method of depreciation over the following lives – gas system 5-40 years; furniture and machinery 3-8 years; vehicles 3-5 years and buildings 10-40 years.

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2011**

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**Compensated Absences:** Vested or accumulated vacation leave is recorded as both a fund liability and operating expense in the year earned. In accordance with the provisions of Statement of Financial Standards No 43, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulated rights to receive sick pay benefits or vacation leave.

**Net Assets:** In the statements of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

*Invested in Capital Assets, Net of Related Debt*

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

*Restricted Net Assets*

Net assets that are reserved by external sources, such as banks or by law, are reported separately as restricted net assets. When assets are required to be retained in perpetuity, the resulting non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets

*Unrestricted Net Assets*

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The cash and cash equivalents on hand (book balances) of the District are as follows:

Demand deposits	\$ 4,362.14
Interest-bearing demand deposits	332,202.93
Money market savings	<u>59,522 61</u>
 Total	 <u>396,087.68</u>

Of the cash balances included above, \$116,379 43 is restricted for bond retirement, depreciation and contingency and customer deposits.

Deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2011**

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Even though pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay the deposited funds upon demand.

With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The District has no deposits exposed to custodial credit risk.

**NOTE 3 – INVESTMENTS**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the municipality or its agent in the municipality's name;
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the municipality's name; or
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the municipality's name.

All investments of the District fall within category 1. The balances at August 31, 2011, are as follows

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Carrying Amount</u>
Certificates of deposit	\$ 321,184.94	\$ 321,184.94	\$ 321,184.94

Of the balances included above, \$24,770.67 is restricted for bond retirement, depreciation and contingency and customer deposits.

**NOTE 4 – RECEIVABLES**

The net receivables at August 31, 2011, are as follows:

Class of Receivables

Trade (including unbilled of \$9,829.26)	\$ 33,622.50
Allowance for bad debts	<u>(1,717.12)</u>
Net	<u>31,905.38</u>

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2011**

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**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land	\$ 31,000.00	\$ .00	\$ .00	\$ 31,000.00
Capital Assets, being depreciated				
Gas distribution system	1,075,459.97	.00	.00	1,075,459.97
Less: accumulated depreciation	<u>888,311.49</u>	<u>10,362.80</u>	<u>.00</u>	<u>898,674.29</u>
Net Distribution System	187,148.48	(10,362.80)	.00	176,785.68
Furniture	28,238.92	699.99	.00	28,938.91
Less: accumulated depreciation	<u>27,059.12</u>	<u>516.44</u>	<u>.00</u>	<u>27,575.57</u>
Net Furniture	1,179.80	183.55	.00	1,363.34
Machinery & equipment	16,052.19	47,982.47	.00	64,034.66
Less: accumulated depreciation	<u>13,475.54</u>	<u>5,829.39</u>	<u>.00</u>	<u>19,304.93</u>
Net Machinery & Equipment	2,576.65	42,153.08	.00	44,729.73
Vehicles	90,815.75	35,155.00	.00	125,970.75
Less: accumulated depreciation	<u>71,617.28</u>	<u>13,425.89</u>	<u>.00</u>	<u>85,043.17</u>
Net Vehicles	19,198.47	21,729.11	.00	40,927.58
Building and improvements	115,466.40	.00	.00	115,466.40
Less: accumulated depreciation	<u>39,631.32</u>	<u>2,759.00</u>	<u>.00</u>	<u>42,390.32</u>
Net Building and Improvements	75,835.08	(2,759.00)	.00	73,076.08
Capital Assets, being depreciated, net	<u>285,938.48</u>	<u>50,943.94</u>	<u>.00</u>	<u>336,882.41</u>
Capital Assets, net	<u>316,938.48</u>	<u>50,943.94</u>	<u>.00</u>	<u>367,882.41</u>



**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2011**

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**NOTE 6 – ACCOUNTS AND OTHER PAYABLES**

The payables at August 31, 2011, are as follows.

**Class of Payable**

Trade	\$ 13,080.17
Accrued salaries payable	3,170.00
Payroll withholdings and related	24,716.22
Compensated absences	9,070.70
Bonds payable – short-term portion	15,790.83
Interest on bonds	779.90
Customer deposits	<u>81,700.23</u>
 Total	 <u>148,308.05</u>

**NOTE 7 – LONG-TERM LIABILITIES**

*Revenue Bonds.* The District issued bonds through the U.S. Department of Agriculture – Farmer's Home Administration to fund gas line extensions beginning in 1998. Repayment is made with an annual payment of \$16,804 due in April of each year through 2013, at an interest rate of 5.75%

The following is a summary of changes in long-term liabilities for the year ended August 31, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue	\$ <u>32,552.68</u>	\$ <u>00</u>	\$ <u>14,932.21</u>	\$ <u>17,620.47</u>	\$ <u>15,790.83</u>

The annual debt service requirements to maturity for bonded debt as of August 31, 2011, are as follows:

<u>Year Ending August 31</u>	<u>Principle</u>	<u>Interest</u>
2012	\$ 15,790.83	\$ 1,013.18
2013	<u>1,829.64</u>	<u>105.20</u>
 Total	 <u>17,620.47</u>	 <u>1,118.38</u>

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2011**

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**NOTE 8 – LEASES**

*Operating Leases.* The District does not have any operating leases.

*Capital Leases.* The District has no capital leases.

**NOTE 9 – RETIREMENT PLAN**

The District established a deferred compensation plan created in accordance with the Internal Revenue Code Section 457(b) for employees who meet the eligibility requirements set forth in the plan. Employer contributions are determined as a percent of compensation paid each year to eligible participants. The employer contributions for 2011 and 2010 were \$13,415 and \$3,241, respectively. An independent plan administrator administers the plan through administrative service agreements. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred amount for each participant.

**NOTE 10 – VACATION AND SICK LEAVE**

The District's employees earn vacation time at varying rates based on their years of service following their initial 90 days of employment. They may carry up to one week into the subsequent period and may be paid for unused vacation time upon termination at the discretion of the Board. Employees earn 1 day per month in sick leave and may accrue this leave without limitation. Unused sick leave is not paid upon termination.

There was \$9,070.70 in accrued vacation leave earned at August 31, 2011.

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS**

The District does not provide post-employment benefits.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

*Commitments:* The District is a member of the Louisiana Municipal Gas Authority (hereinafter referred to as the Authority). As a member of the Authority, the District agrees to purchase all of its natural gas for resale to its customers through the Authority's gas distribution system. The Authority prepares an annual budget that includes an estimate of all of the Authority's operations, maintenance and general expenses relating to the operation and conduct of the business of the Authority during the year.

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 2011**

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The total amount set forth in this budget is paid monthly by each member of the Authority based on a percentage of each member's cost of gas. This contract is for a ten year period, ending July 31, 2016, but it can be terminated by either party by giving written notice to the other party at least six months prior to termination

**NOTE 13 – RELATED PARTY TRANSACTIONS**

There were no related party transactions requiring disclosure

**NOTE 14 – LITIGATION AND CLAIMS**

There is no litigation that would require disclosure in the accompanying basic financial statements.

**NOTE 15 – SUBSEQUENT EVENTS**

Subsequent to year-end, the District realized that its contributions to the deferred compensation plan were underfunded. The impact for past years totaled \$9,969.19 and is recognized in the accompanying financial statements as an adjustment to prior periods.

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## **SUPPLEMENTARY INFORMATION**

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**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
COMPARATIVE SCHEDULE OF OPERATING EXPENSES  
YEARS ENDED AUGUST 31, 2011 AND 2010**

	<u>Business-Type Activities</u>	
	<u>2011</u>	<u>2010</u>
<b><u>ADMINISTRATIVE</u></b>		
Billing expenses	\$ 2,467 10	\$ 2,439 65
Board meetings/travel	8,824 92	9,124 92
Office and supplies	8,421 24	5,389 67
Office repairs/maintenance	2,865 36	8,117.29
Professional fees	8,819 40	9,324 80
Travel	708 91	754 48
Total Administrative	32,106 93	35,150 81
<b><u>DEPRECIATION</u></b>	32,893 53	21,257 58
<b><u>EMPLOYEE AND RELATED EXPENSES</u></b>		
Health insurance	18,454 24	18,094 62
Payroll taxes	11,971 73	10,704 47
Retirement	13,415 01	3,240 56
Salaries and wages	154,754 35	135,216 57
Uniforms	5,081 43	4,583 65
Workers' compensation	3,665 50	3,158 50
Total Employee and Related Expenses	207,342.26	174,998 37
<b><u>OCCUPANCY</u></b>		
Insurance	28,734 02	26,483 25
Telephone	4,688 08	4,614.75
Utilities	2,276 92	1,785.92
Total Occupancy	35,699 02	32,883 92
<b><u>PERSONAL SERVICES</u></b>		
Gas purchases	247,829 37	314,321 62
Fuel - trucks	16,129 92	13,190 15
Fuel - other	101 60	5 01
Maintenance and repairs	41,194 12	42,283.88
Maintenance and repairs - trucks/other	7,526 80	4,806.40
Total Personal Services	312,781 81	374,607 06
<b>TOTAL OPERATING EXPENSES</b>	<b>620,823 55</b>	<b>638,897 74</b>

See Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
STATISTICAL DATA  
YEAR ENDED AUGUST 31, 2011**

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<u>Month</u>	<u>No of Customers</u>	<u>Gas Sales in MCFs</u>
September	992	2,084
October	1001	3,162
November	1005	7,303
December	1011	11,333
January	1013	11,406
February	1012	3,048
March	1012	2,298
April	1003	2,303
May	996	1,830
June	995	1,624
July	991	1,481
August	994	1,498
Average No of Customers		<u>999</u>
Total MCFs of Gas Sold		<u>49,370</u>

See Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS  
YEAR ENDED AUGUST 31, 2011**

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<u>Board Member</u>	<u>Amount Paid</u>
Dexter Armstead	\$ 1,425 00
Sandy Lantrip	1,050 00
Marlin McGehee	1,575.00
Eileen Siebert	1,725 00
Leon Spears	1,800 00
John Strain	<u>600 00</u>
Total Per Diem Paid to Governing Members	<u><u>8,175 00</u></u>

See Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
SCHEDULE OF INSURANCE IN FORCE  
AUGUST 31, 2011**

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<u>Policy No</u>	<u>Expiration</u>	<u>Carrier</u>	<u>Coverage</u>	<u>Amount</u>
WS18201858	3/22/2012	Western Surety Company	Fidelity bond. President Secretary Commissioners (each) Secretary/Bookkeeper System Operator	 \$ 100,000.00 \$ 100,000 00 \$ 20,000.00 \$ 10,000 00 \$ 10,000.00
17212-A	4/15/2012	La. Workers' Compensation Corporation	Workers' compensation	Statutory
5068633716	6/23/2012	Republic Stone Oak	General liability and vehicles General aggregate limit Products aggregate limit Each occurrence limit Personal/adv injury limit Medical limit, any one person	 \$ 1,000,000 00 \$ 1,000,000 00 \$ 1,000,000 00 \$ 1,000,000 00 \$ 5,000 00
CAP001373401	6/23/2011	Republic Stone Oak	Commercial Property Limit Deductible Coinsurance Personal property	 \$ 152,000.00 \$ 1,000.00 80% 20,000.00
0202-2089	6/10/2012	National Union Fire Insurance Co of Pittsburgh, PA	Public Officials and Employees General aggregate limit Each wrongful act Deductible each wrongful act	 \$ 1,000,000.00 \$ 1,000,000.00 \$ 10,000 00

See Independent Auditors' Report



**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
COMPARATIVE DATA  
AUGUST 31, 2011  
(Unaudited)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b><u>SUMMARY OF STATEMENT OF REVENUES</u></b>					
Operating revenues	\$ 684,664	\$ 778,552	\$ 706,210	\$ 724,438	\$ 709,432
Cost of revenues - gas purchases	247,829	314,322	324,219	448,302	400,856
Gross profit	436,835	464,230	381,991	276,136	308,576
Operating expenses	340,101	303,319	303,467	291,765	290,892
Depreciation	32,894	21,258	24,499	23,382	25,859
Operating income (loss)	63,840	139,653	54,025	(39,011)	(8,175)
Non-operating revenues	50,466	6,232	23,353	14,179	18,873
Non-operating expenses	(1,872)	(2,345)	(3,132)	(3,875)	(4,820)
Net Income (Loss)	112,434	143,540	74,246	(28,707)	5,878

**OTHER DATA**

Capital assets	1,440,871	1,357,033	1,356,132	1,354,850	1,356,030
Net working capital	481,670	450,088	406,869	260,481	310,978
Total assets	1,139,025	1,027,120	893,119	829,800	867,606
Long-term liabilities	1,830	17,620	32,553	46,673	60,026
Total equity	988,887	886,422	742,881	668,635	697,342
Average no. of customers	999	999	995	989	977
Total cubic feet of gas sold (MCF)	49,370	54,760	41,377	42,831	45,150
No. of customers:					
Residential	948	948	949	943	931
Commercial	43	41	41	41	41
3/4" meters	5	5	5	5	5

See Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
GAS LOSS SCHEDULE  
AUGUST 31, 2011  
(Unaudited)**

<u>Month</u>	<u>Price Per MCF</u>	<u>Gas Purchased MCF</u>	<u>Gas Sold MCF</u>	<u>Gain (Loss) MCF</u>	<u>% Gain (Loss) MCF</u>	<u>Loss Acctd for MCF</u>	<u>Loss Unacctd for MCF</u>
September	\$ 3 9022	1,695	2,084	389	22 95%	(389)	
October	\$ 4.0569	2,471	3,162	691	27.96%	(691)	
November	\$ 3.7300	5,255	7,303	2,048	38 97%	(2,048)	
December	\$ 4 8654	10,418	11,333	915	8 78%	(915)	
January	\$ 5 0241	11,335	11,406	71	0 63%	(71)	
February	\$ 5 0730	8,489	3,048	(5,441)	-64.09%	4,896	545
March	\$ 4 1219	3,427	2,298	(1,129)	-32 94%	1,016	113
April	\$ 4.5860	2,247	2,303	56	2 49%	(56)	
May	\$ 4 9082	2,293	1,830	(463)	-20.19%		463
June	\$ 4 7596	1,761	1,624	(137)	-7 78%		137
July	\$ 4.9201	1,820	1,481	(339)	-18 63%	339	0
August	\$ 4.8118	1,634	1,498	(136)	-8.32%	136	0
<b>Totals</b>		<b>52,845</b>	<b>49,370</b>	<b>(3,475)</b>		<b>2,217</b>	<b>1,258</b>

Loss Unaccounted for\* \$ 5,736 48

\* = weighted average

See Independent Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
GAS LOSS SCHEDULE BY YEAR  
AUGUST 31, 2011  
(Unaudited)**

<u>Year</u>	<u>Gas Purchased MCF</u>	<u>Gas Sold MCF</u>	<u>Gas Loss (Gain), Net MCF</u>	<u>Gas Loss</u>	<u>% Loss MCF*</u>	<u>Unacctd for Loss MCF</u>	<u>Acctd for Loss MCF</u>
August 31,							
1999	45,316	42,530	2,786 \$	7,823	6.15%	1,640	1,146
2000	48,966	45,476	3,490 \$	11,650	7.13%	755	2,735
2001	60,445	56,570	3,875 \$	28,917	6.41%	1,049	2,826
2002	51,626	47,328	4,298 \$	22,855	8.33%	1,873	2,425
2003	55,770	51,282	4,488 \$	27,143	8.05%	1,058	3,430
2004	51,519	49,380	2,139 \$	11,228	4.33%	749	1,390
2005	45,023	43,671	1,352 \$	14,824	3.00%	750	602
2006	44,983	42,228	2,755 \$	44,280	6.12%	1,195	1,560
2007	49,261	45,153	4,108 \$	42,435	8.34%	758	3,350
2008	55,085	42,831	(9,065) \$	76,842	12.94%	331	8,734
2009	44,800	41,377	(3,423) \$	23,260	6.28%	2,191	1,232
2010	59,213	54,760	(4,453) \$	29,373	7.52%	2,473	1,980
2011	52,845	49,370	(3,475) \$	20,477	4.18%	1,258	2,217
%age unaccounted/accounted for						36%	64%

\* = weighted average

*Unaccounted for losses are due primarily to normal maintenance and operations*

See Independent Auditors' Report

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*Louisiana Society of Certified Public Accountants*  
*American Institute of Certified Public Accountants*  
*Association of Governmental Accountants*  
*Governmental Audit Quality Control Center*

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Michael Bradford and Board Members of the  
Gas Utility District No 2 of East Feliciana Parish  
P O. Box 9  
Clinton, Louisiana 70722

We have audited the financial statements of the governmental activities and the aggregate remaining fund information of the Gas Utility District No 2 of East Feliciana Parish as of and for the year ended August 31, 2011, which collectively comprise the Gas Utility District No. 2 of East Feliciana Parish's basic financial statements and have issued our report thereon dated January 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Gas Utility District No. 2 of East Feliciana Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

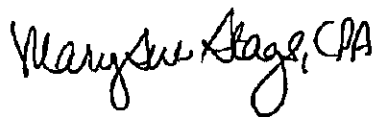
**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Gas Utility District No 2 of East Feliciana Parish's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Gas Utility District No. 2 of East Feliciana Parish's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Gas Utility District No. 2 of East Feliciana Parish's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the agency and Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24.513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Mary Sue Stages, CPA". The signature is written in a cursive, flowing style.

Mary Sue Stages, CPA,  
A Professional Accounting Corporation  
January 24, 2012

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
SCHEUDLE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2011**

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We have audited the financial statements of the Gas Utility District No. 2 of East Feliciana Parish as of and for the year ended August 31, 2011, and have issued our report thereon dated January 24, 2012. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of August 31, 2011, resulted in an unqualified opinion.

**Section I      Summary of Auditor's Reports**

**A.   Report on Compliance and Internal Control Material to the Financial Statements**

Compliance	Material Weakness	■ No
	Control Deficiency(ies)	■ No
Internal Control	Material Weakness	■ No
	Control Deficiency(ies)	■ No

**B.   Federal Awards**

N/A

**C.   Identification of Major Programs**

N/A

**Section II      Financial Statement Findings**

None

**Section III     Federal Award Findings and Questioned Costs**

None

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH  
CLINTON, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED AUGUST 31, 2011**

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**Section I      Internal Control and Compliance Material to the Financial Statements**

None

**Section II      Compliance and Internal Control Material to Federal Awards**

None

**Section III      Management Letter**

None